

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**

Sorrento, Louisiana

FINANCIAL REPORT

December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**

Sorrento, Louisiana

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ascension Economic Development Corporation
Ascension Economic Development Foundation
Sorrento, Louisiana

We have audited the accompanying consolidated statement of financial position of the **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION** (non-profit organizations) as of December 31, 2007, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION** as of December 31, 2007, and the changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2008, on our consideration of the **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Certified Public Accountants

Baton Rouge, Louisiana
June 27, 2008

ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
Sorrento, Louisiana

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2007

ASSETS

CURRENT ASSETS

Cash	\$	73,023
Receivables, net		58,209
Prepaid assets		<u>1,763</u>
Total current assets		132,995

PROPERTY, net

		<u>53,811</u>
Total assets	\$	<u><u>186,806</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	38,075
Accrued liabilities		<u>2,227</u>
Total current liabilities		40,302

NOTE PAYABLE

		<u>25,500</u>
Total liabilities		65,802

NET ASSETS

Unrestricted		<u>121,004</u>
Total liabilities and net assets	\$	<u><u>186,806</u></u>

The accompanying notes to consolidated financial statements
are an integral part of this statement.

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**

Sorrento, Louisiana

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2007

REVENUES

Contributions	\$ 423,700
Grants and incubator	189,579
Other income	488
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Total revenues	613,767
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EXPENSES

Program services

Salaries	241,385
Payroll taxes	16,089
Employee benefits	4,011
Incubator	70,700
Special project funds	65,378
Travel	25,269
Legal and professional fees	25,517
Meals and entertainment	13,558
Marketing	10,053
Telephone	9,464
Professional memberships	7,388
Supplies	7,301
Insurance	7,258
Rent	6,392
Research database	3,678
Depreciation	3,727
Office	2,682
Equipment rental	2,357
Utilities	2,356
Payroll processing	938
Donations	500
Bank charges and other	275
Education	128
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Total expenses	526,404
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Increase in net assets	87,363
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NET ASSETS

Beginning of year, as restated	33,641
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End of Year	\$ 121,004
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The accompanying notes to consolidated financial statements
are an integral part of this statement.

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**

Sorrento, Louisiana

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 87,363
Adjustment to increase (decrease) net assets:	
Depreciation	3,727
Change in operating assets and liabilities:	
Accounts receivable	(58,209)
Prepaid assets	380
Accounts payable and accrued expenses	<u>38,169</u>
Net cash provided by operating activities	71,430

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	(48,996)
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CASH FLOWS FROM FINANCING ACTIVITIES

Increase in note payable	<u>25,500</u>
Net increase in cash	47,934

CASH

Beginning of year	<u>25,089</u>
End of year	<u>\$ 73,023</u>

The accompanying notes to consolidated financial statements
are an integral part of this statement.

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
Sorrento, Louisiana**

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Ascension Economic Development Corporation (the Corporation) is a non-profit corporation which was organized to promote economic development for the Parish of Ascension. The Corporation is a public-private partnership funded by the Parish of Ascension, the City of Gonzales and the business community in Ascension Parish.

The Corporation's board directors are appointed by the Parish of Ascension (3) and the Ascension Chamber of Commerce (4).

The Ascension Economic Development Foundation (the Foundation) is a non-profit corporation which was organized to support the Corporation through fundraising activities. The Foundation is exempt from income taxes under Code Section 501(c)(3).

Basis of presentation

The consolidated financial statements of the Corporation and the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

The Corporation and the Foundation report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are no temporarily or permanently restricted net assets.

The consolidated statement of activities presents expenses functionally as program services.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

The Corporation and the Foundation consider all highly liquid investments with original maturities of three months or less to be cash equivalents. For purposes of the consolidated statement of cash flows, the Corporation and the Foundation consider all certificates of deposit, demand deposits, interest bearing demand deposits, and money market funds to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes all receivables to be collectible and no valuation allowance has been recorded for 2007.

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets with estimated lives between 5 and 15 years. When property is retired or otherwise disposed of, applicable amounts are removed from the related asset and accumulated depreciation accounts, and the resulting gain or loss is recognized.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from restrictions. There were no restricted contributions received during 2007.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant recognition

Grants that represent exchange transactions are recorded as a receivable when the grant costs are incurred and reimbursable.

Grants that represent contributed support are recognized in the same manner as contributions.

Income Taxes

The Corporation operates as a public charity under Section 501(c)(6) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes.

Vacation leave

Vacation leave is earned at a rate of one day per month of service, with a maximum earned of two weeks per year, and if not used, is carried to the subsequent period. Accordingly, \$2,227 related to such unused vacation leave has been accrued at December 31, 2007.

NOTE 2 - RECEIVABLES

At December 31, 2007, receivables of \$31,825 consisted of governmental grants in which reimbursement request were pending. The remaining amount related to a grant advance of \$26,384 to a local company for an economic development project. See Note 4.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment transactions for 2007 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture and fixtures	\$ 9,705	\$ 27,074	\$ -	\$ 36,779
Leasehold Improvements	-	21,922	-	21,922
	9,705	48,996	-	58,701
Less: accumulated depreciation	(1,163)	(3,727)	-	(4,890)
Property and equipment, net	<u>\$ 8,542</u>	<u>\$ 45,269</u>	<u>\$ -</u>	<u>\$ 53,811</u>

Depreciation expense was \$3,727 for 2007.

NOTE 4 - NOTE PAYABLE

During 2007, the Corporation received grant advances from the State of Louisiana of \$25,500 related to an economic development project. As stipulated in the grant agreement, the Corporation was required to execute a promissory note to the State of Louisiana for grant advances. The note bears interest at 5.37% and is due December 31, 2011.

As stipulated in the agreement, the note is reduced by \$2,000 for each job credit created under the project. Expenses incurred on behalf of the project beneficiary have been recorded as a receivable (\$26,284 at December 31, 2007).

NOTE 5 - RELATED PARTY TRANSACTIONS

The Corporation receives contributions from the Foundation, a related party. The Foundation has been included in these consolidated financial statements. During the normal course of business, the Foundation contributed funds of approximately \$22,650 to the Corporation to support various projects where costs were incurred relating to future economic development within Ascension Parish. These contributions have been eliminated in the consolidated financial statements.

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Corporation and the Foundation typically maintains cash and cash equivalents in local banks that may, at times, exceed the FDIC limits. Management believes that this risk is limited.

The Corporation received approximately 91% of its revenue from governmental sources. The Parish of Ascension provided \$386,100 in support; as such, the Corporation is economically dependent on the Parish of Ascension.

NOTE 7 - PRIOR PERIOD ADJUSTMENT

During 2007, a prior period adjustment was recorded to correct an error for prepaid expense of \$2,143 as an increase to net assets. Additionally, the Foundation has been included in the consolidated financial statements and net assets were increased by \$5,923.



**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

Board of Directors
Ascension Economic Development Corporation and
Ascension Economic Development Foundation
Sorrento, Louisiana

Our report on our audit of the consolidated financial statements of the **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** (the Corporation) and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION** (the Foundation) appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The additional consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 27, 2008

ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
 Sorrento, Louisiana

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2007

ASSETS

	<u>Corporation</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash	\$ 34,917	\$ 38,106	\$ -	\$ 73,022
Receivables, net	58,209	-	-	58,209
Prepaid assets	<u>1,763</u>	<u>-</u>	<u>-</u>	<u>1,763</u>
Total current assets	94,889	38,106	-	132,995
PROPERTY AND EQUIPMENT, net	<u>51,970</u>	<u>1,841</u>	<u>-</u>	<u>53,811</u>
Total assets	<u>\$ 146,859</u>	<u>\$ 39,947</u>	<u>\$ -</u>	<u>\$ 186,806</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable	\$ 38,075	\$ -	\$ -	\$ 38,075
Accrued expenses	<u>2,227</u>	<u>-</u>	<u>-</u>	<u>2,227</u>
Total current liabilities	40,302	-	-	40,302
NOTE PAYABLE	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>25,500</u>
Total liabilities	65,802	-	-	65,802
NET ASSETS				
Unrestricted	<u>81,057</u>	<u>39,947</u>	<u>-</u>	<u>121,004</u>
Total liabilities and net assets	<u>\$ 146,859</u>	<u>\$ 39,947</u>	<u>\$ -</u>	<u>\$ 186,806</u>

ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
 Sorrento, Louisiana

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended December 31, 2007

	<u>Corporation</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES				
Contributions	\$ 371,000	\$ 52,700	\$ -	\$ 423,700
Grants and incubator	207,229	5,000	(22,650)	189,579
Other income	200	288	-	488
Total revenues	<u>578,429</u>	<u>57,988</u>	<u>(22,650)</u>	<u>613,767</u>
EXPENSES				
Program services				
Salaries	241,385	-	-	241,385
Payroll taxes	16,089	-	-	16,089
Employee benefits	4,011	-	-	4,011
Incubator	70,700	-	-	70,700
Special project funds	65,378	22,650	(22,650)	65,378
Travel	25,269	-	-	25,269
Legal and professional fees	25,517	-	-	25,517
Meals and entertainment	13,558	-	-	13,558
Marketing	10,053	-	-	10,053
Telephone	9,464	-	-	9,464
Professional memberships	7,388	-	-	7,388
Supplies	7,301	-	-	7,301
Insurance	7,258	-	-	7,258
Rent	6,392	-	-	6,392
Research database	3,678	-	-	3,678
Depreciation	3,389	338	-	3,727
Office	1,706	976	-	2,682
Equipment rental	2,357	-	-	2,357
Utilities	2,356	-	-	2,356
Payroll processing	938	-	-	938
Donations	500	-	-	500
Bank charges and other	275	-	-	275
Education	128	-	-	128
Total expenses	<u>525,090</u>	<u>23,964</u>	<u>(22,650)</u>	<u>526,404</u>
Increase in net assets	53,339	34,024	-	87,363
NET ASSETS				
Beginning of year, as restated	<u>27,718</u>	<u>5,923</u>	<u>-</u>	<u>33,641</u>
End of year	<u>\$ 81,057</u>	<u>\$ 39,947</u>	<u>\$ -</u>	<u>\$ 121,004</u>

Special Independent Auditors' Reports

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION**

Sorrento, Louisiana

December 31, 2007



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Ascension Economic Development Corporation
Ascension Economic Development Foundation
Sorrento, Louisiana

We have audited the consolidated financial statements of **ASCENSION ECONOMIC DEVELOPMENT CORPORATION** and **ASCENSION ECONOMIC DEVELOPMENT FOUNDATION** (non-profit organizations) as of and for the year ended December 31, 2007, and have issued our report thereon dated June 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organizations' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely effects the Organizations' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organizations' consolidated financial statements that is more than inconsequential will not be prevented or detected by the Organizations' internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected by the Organizations' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described in the attached schedule of findings and questioned costs are also considered to be material weaknesses.

The Organizations' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organizations' response and, accordingly, we express no opinion on it.

Compliance

As part of obtaining reasonable assurance about whether the Organizations' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Faulk & Wilcox, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 27, 2008

**ASCENSION ECONOMIC DEVELOPMENT CORPORATION
ASCENSION ECONOMIC DEVELOPMENT FOUNDATION
Sorrento, Louisiana**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2007

A) SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the consolidated financial statements of Ascension Economic Development Corporation (Corporation) and Ascension Economic Development Foundation.
2. There were no instances of noncompliance material to the consolidated financial statements in relation to this audit.
3. There are two internal control findings that are described as Items 2007-1 and 2007-2.

B) FINDING - FINANCIAL STATEMENT AUDIT

2007-1 Grant accounting

Observation: During 2007, the Corporation received approximately \$150,000 in State related funding from seven grant agreements. The grant receipts are recorded in the general ledger in six revenue accounts by grant project. However, some grant related receipts (approximately \$20,000) were recorded directly to expense accounts. Furthermore, grant expenses are not recorded in the general ledger that allows for reconciliation to the related grant received.

The Corporation is presently maintaining grant folders that contain the grant agreement, copies of vendor invoices and progress reports filed. As a result, information related to grant receipts and expenses are maintained in these files. To perform a meaningful reconciliation of grant revenues to the related expense, a review of these files is necessary.

Additionally, grant revenue and expense accruals were not recorded at year end. An adjustment of approximately \$29,000 was recorded to recognize unpaid grant reimbursements at December 31, 2007. Also, a grant expense accrual for the State EDAP grant of approximately \$16,000 was recorded.

Finally, matching grant receipts to the related grant expense was time consuming.

Recommendation: We recommend the following:

- The Corporation should create grant cost codes by specific grant contract in the general ledger to record costs on a grant by grant basis. Based on this approach, grant receipts and related expenses are matched monthly and this system facilitates easier reconciliation. Furthermore, grant reimbursement requests can be monitored by comparing expenses incurred to reimbursements received.

- Grant reimbursements should be accrued when the related grant expense is incurred or at a minimum when the reimbursement request is submitted to the granting agency.
- Grant receipts should be recorded in revenue accounts rather than offsetting expense accounts in the general ledger.
- Finally, a grant recap sheet should be prepared to summarize the grant funds received and expenses incurred.

Management's corrective action plan: Management will review this matter with the contract accountant's and implement the recommendations during 2008.

2007-2 Segregation of duties

Observation: We observed that there is a lack of segregation of duties due to the limited number of employees involved in the accounting process for certain aspects of the Corporation's accounting structure.

In particular, we observed the following:

- Receipts are received by one individual who prepares the bank deposit and records the transaction in the general ledger. On the other hand, a significant portion of the Corporation's receipts are received electronically.
- The President/CEO has check signing authority for disbursements under \$10,000. Furthermore, the credit card statements and Executive Director's expense reimbursement reports are not approved by a board member.

Recommendation: We recommend that the Treasurer or another designated board member review the following on a periodic basis:

- Check disbursements and related supporting documentation below the \$10,000 threshold.
- Monthly bank statements, canceled checks and related reconciliations.
- President/CEO's expense reimbursement report.
- Monthly detailed general ledger.

Management's corrective action plan: Management concurs with the observation and will explore the recommendation during 2008.